

Message Text

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SUBJECT: REVISIONS IN YUGOSLAV TARIFF STRUCTURE

REF : A. BELGRADE 0047, B. 75 BELGRADE 3313

SUMMARY. EFFECTIVE JANUARY 1, INCREASE IN EQUALIZATION TAX FROM THREE TO FIVE PERCENT AND RETENTION ONE PERCENT CUSTOMS EVIDENCE TAX AND TEN PERCENT "TEMPORARY" IMPORT SURCHARGE, ALL AD VALOREM, BRING YUGOSLAV LEVIES ON MOST IMPORTS TO 16 PERCENT, PLUS DUTY. REVISIONS LEAVE ONLY FEW TARIFFS BELOW NEW "MINIMUM" DUTY RATE OF FIVE PERCENT. SIGNIFICANT U.S. SOY EXPORTS AFFECTED INCLUDE PASSENGER AIRCRAFT AND UNREFINED SOYBEAN OIL. CONTRARY TO PRESS ACCOUNTS REVISIONS FAIL TO CONFER EXPLICIT NEW PREFERENCES UPON LEAST DEVELOPED COUNTRIES, BUT, ASIDE FROM GATT ARTICLES, ITEMS REMAINING BELOW FIVE PERCENT TARIFF CONSISTED MAINLY OF IMPORTS FROM LDC'S. END SUMMARY.

1. REVISION EFFECTIVE JANUARY 1, 1976 IN YUGOSLAV TARIFF STRUCTURE

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ANNOUNCED BY TANJUG (REFTEL A) HAVE BEEN PUBLISHED IN OFFICIAL

GAZETTE NO. 61/75, DATED DECEMBER 30, 1975 BUT NOT RELEASED UNTIL JANUARY 8. MAJOR PROVISIONS AS FOLLOWS:

A) ALMOST ALL TARIFFS WHICH WERE ZERO, TWO, THREE OR FOUR PERCENT AD VALOREM RAISED TO FIVE PERCENT, WHICH DECLARED AS "MINIMUM" DUTY RATE; ONLY ITEMS LEFT BELOW 5 PERCENT ARE SOME IMPORTS FROM LESS DEVELOPED COUNTRIES AND REPORTEDLY ITEMS FOR WHICH YUGOSLAVIA HAS GATT OBLIGATIONS.

B. EQUALIZATION TAX: RAISED FROM THREE PERCENT AD VALOREM OT FIVE PERCENT.

C. CUSTOMS EVIDENCE TAX RETAINED AT ONE PERCENT AD VALOREM.

D. "TEMPORARY" IMPORT SURCHARGE EXTENDED AS FOLLOWS:

(1) 10 PERCENT GENERAL RATE AD VALOREM PROLONGED UNTIL DEC. 31, 1976, AS EMBASSY PREDICTED REFTEL B.

(1) 5 PERCENT REDUCED RATE FOR MAY PRODUCTS (LISTED PARA 2A, REF B) ELIMINATED.

(3) 7 TO 9 PERCENT SURCHARGE DECREED ON REPRODUCTION (RAW MATERIALS AND SEMI-FINISHED GOODS), PROVIDED TARIFF ALSO REDUCED UNDERSPECIAL CUSTOMS CONTINGENTS FOR THESE PRODUCTS.

(4) 7 TO 9 PERCENT SURCHARGE DECREED, INSTEAD OF PREVIOUS 5 PERCENT, ON EQUIPMENT FOR 19 PRIORITY ECONOMIC ACTIVITIES LISTED REFTEL B, PROVIDED CUSTOMS CONTINGENTS ALSO GRANT REDUCED DUTY (10 PERCENT SURCHARGE PREVAILS ON EQUIPMENT IN NON-PRIORITY ACTIVITIES EVEN IF REDUCED DUTY GRANTED).

E. DEFERRED PAYMENTS OF IMPORT LEVIES:

(1) AUTHORITY EXISTS TO DEFER ALL IMPORT LEVIES FOR 19 PRIORITY ACTIVITIES UNTIL 6 MONTHS AFTER NEW FACILITIES BEGIN PRODUCTION, PROVIDED EQUIPMENT NOT PRODUCED IN YUGOSLAVIA (1975 REQUIREMENT TO PAY PART OF "TEMPORARY" SURCHARGE NO LONGER IN EFFECT).

(2) REVOCATION OF PROVISION ALLOWING DEFERRED PAYMENT OF LEVIES ON PASSENGER AIRCRAFT IN INTERNATIONAL TRAFFIC AND SHIPS PURCHASED ABROAD WHICH DO NOT ENTER YUGOSLAV CUSTOMS TERRITORY.

F. CUSTOMS CONTINGENTS:

(1) RETENTION OF AUTHORITY TO REDUCE DUTY (CUSTOMS CONTINGENTS) AND OTHER IMPORT LEVIES ON CASE-BY-CASE BASIS FOR SPECIFIC PROJECTS, PRODUCTS, AND ACTIVITIES.

(2) REVOCATION OF REDUCED DUTY (AND IMPORT TAX) ON EQUIPMENT FOR UNCLASSIFIED

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SPECIFIC ELECTRICAL POWER PRODUCTION AND TRANSMISSION PROJECTS.

(3) REVOCATION OF EXEMPTION FROM IMPORT LEVIES ON AIRCRAFT WHICH REPLACE THOSE DESTROYED IN WAR-LIKE INCIDENTS.

G. RETENTION OF SPECIAL SURCHARGE ON AGRICULTURAL COMMODITIES: PROVISION CONTINUE ALLOW SPECIAL SURCHARGE ON SOME 85 AGRICULTURAL COMMODITIES TO PROTECT DOMESTIC PRODUCTION FROM IMPORTATION AT "DUMPING PRICES". SURCHARGE VARIABLY APPLIED.

2. THUS, IN ADDITION TO A TARIFF OF AT LEAST FIVE PERCENT, IMPORT LEVIES ON MOST PRODUCTS WILL AMMUNT TO 16 PERCENT: 5 PERCENT EQUALIZATION TAX, 1 PERCENT CUSTOMS EVIDENCE FEE AND 10 PERCENT "TEMPORARY" IMPORT SURCHARGE. YUGOSLAV PROVISIONS STIPULATE THAT WHEN "FREE" RATE (I.E. ZERO-CHARGE) IS PRESCRIBED

IN THE TARIFFS, 16 PERCENT IN OTHER IMPORT LEVIES STILL APPLIES. WHEN HOWEVER, ITEMS ARE "FREED OF DUTY", I.E. EXEMPTED FROM TRAIF FOR SPECIAL REASONS, SUCH GOODS ALSO EXEMPTED FROM ALL OTHER IMPORT LEVIES (E.G. PRODUCTS IMPORTED BY DIPLOMATS AND CONSULAR OFFICER; SOME GOODS IMPORTED BY YUGOSLAV CITIZENS RETURNING FROM RESIDENCE ABROAD).

3. EFFECT ON US EXPORTS TO YUGOSLAVIA:

A. TARIFF: FOLLOWING U.S. EXPORTS, PREVIOUSLY DUTY-FREE, ARE PROMINENT ON LIST OF INCREASES TO 5 PERCENT (BTN IN PARENTHESES). (12.01) SOYBEANS, (73.03) SCRAP CASTINGS & SHEETS, (84.59) NUCLEAR REACTORS, (88.02) AIRCRAFT FOR PASSENGER GRAFFIC, (88.03/1) AIRCRAFT COMPONENTS.

B. IMPORT SURCHARGE: FOLLOWING US EXPORTS CAUGHT BY 10 PERCENT IMPORT SURCHARGE WERE PREVIOUSLY, T 5 PERCENT LEVEL (BTN NUMBERS), (15.07/LA) UNREFINED SOYBEAN OIL, (15.07/5A) SUNFLOWER OIL UNREFINED, (23.04) OIL-SEED CAKES AND OTHER BYPRODUCTS FROM VEGETABLE OIL, (41.01/1-5) HIDES, UNPROCESSED, (41.01/6A) PIG SKINS.

C. US EXPORTS FOR ELECTRICAL POWER SYSTEMS CAUGHT BY REVOCATION OF PREFERENTIAL TREATMENT.D. AS SIDGNIFICANT EXAMPLES: TOTAL IMPORT LEVIES ON PASSENGER AIRCRAFT PREVIOUSLY AMOUNTED TO 9 PERCENT (WHOSE PAYMENT DEFERABLE UP TO 36 MONTHS FROM ENTERING SERVICE), WHILE YUGOSLAV AIRLINES MUST NOW PAY TOTAL LEVIES OF 21 PERCENT UPON IMPORTATION. TOTAL LEVIES ON UNREFINED UNCLASSIFIED

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SOYBEAN OIL, RAISED FROM 14 TO 21 PERCENT.

4. PRESS REPORTS INDICATED THAT REVISION WOULD CONFER PREFERENTIAL TREATMENT ON LEAST DEVELOPED COUNTRIES. (REFTEL A). THERE ARE NO EXPLICIT PREFERENCES, BUT AS NOTED IN PARA 1-A ABOVE, THE ITEMS LEFT BELOW FIVE PERCENT, ASIDE FROM GATT ARTICLES, CONSIST MAINLY OF IMPORTS FROM LESS DEVELOPED COUNTRIES.

5. AN EMBASSY AIRGRAM WILL PROVIDE LIST OF 19 PRIORITY ECONOMIC ACTIVITES ON WHICH IMPORT SURCHARGE MAY BE REDUCED TO 7 TO 9 PERCENT, AS WELL AS LIST OF PRODUCTS ON WHICH TARIFF RAISED TO FIVE PERCENT. SWEITZER

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